

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1913 – SB 2337

April 1, 2014

SUMMARY OF ORIGINAL BILL: Prohibits, without approval of the county legislative body in which the property is located, the leasing or conveyance of any real property owned by the state or any political subdivision of the state to a person, corporation, or other business entity in excess of thirty years, if the property leased or conveyed would remain exempt from property taxes, unless the agreement requires the lessee to pay all real and personal property taxes to the county for any year after the initial 30 years. If real property owned by the state or a political subdivision of the state is leased or conveyed for a period of 50 years or more or if the lease permits the lessee to acquire the real property at a nominal sum at the completion of the term, the leasehold interest shall be assessed as if the lessee were the owner.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue – Exceeds \$10,000,000

SUMMARY OF AMENDMENT (015665): Deletes and rewrites subsection (e) in Section 1 of the original bill such that real property owned by any political subdivision of the state that is leased or conveyed in any manner, the entity receiving the property shall be assessed as if the lessee were the owner if the lease or other transfer agreement is for a period of 50 or more years or if the lease permits the lessee to acquire the real property for a nominal sum at or before the completion of the term.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue – Exceeds \$50,000

Assumptions for the bill as amended:

- Based on information provided by the Department of General Services, the provisions of the bill as amended will require the state to receive the approval of a local government prior to committing to Payment-In-Lieu-of-Tax (PILOT) agreements in excess of 30 years. It is assumed this can be accomplished within the existing resources of the department.

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- According to the Comptroller of the Treasury (COT), PILOT agreements are typically 30 years or less. PILOT agreements extending longer than 30 years are relatively rare and PILOT agreements extending longer than 50 years are less rare but not common.
- Based on information provided by the Comptroller of the Treasury, the provisions of the bill as amended will increase local revenue exceeding \$50,000 statewide.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

/jrh